

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
December 8, 2021

Vermont Manchester Senior, located at 8500 S. Vermont Ave in Los Angeles, requested and is being recommended for a reservation of \$2,554,941 in annual federal tax credits to finance the new construction of 60 units of housing serving special needs tenants with rents affordable to households earning 30% of area median income (AMI). The project will be developed by Bridge Housing Corporation and will be located in Senate District 30 and Assembly District 59

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers. The project financing includes state funding from the AHSC program of HCD.

Project Number CA-21-734

Project Name Vermont Manchester Senior
 Site Address: 8500 S. Vermont Ave.
 Los Angeles CA, 90044 County: Los Angeles
 Census Tract: 60372383.20

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$2,554,941	\$0
Recommended:	\$2,554,941	\$0

Applicant Information

Applicant: VM Senior LP
 Contact: Alexis Laing
 Address: 600 California St., Suite 900
 San Francisco CA, 94108
 Phone: 424-419-5103
 Email: alaing@bridgehousing.com

General Partner(s) or Principal Owner(s): VM Senior LLC
 General Partner Type: Nonprofit
 Parent Company(ies): BRIDGE Housing Corporation
 Developer: BRIDGE Housing Corporation
 Bond Issuer: LACDA
 Investor/Consultant: California Housing Partnership
 Management Agent: John Stewart Company

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 62
 No. / % of Low Income Units: 60 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt/ Section 8 Project Based Vouchers (60 Units - 100%)

Information

Housing Type: Special Needs
 Geographic Area: Balance of Los Angeles County
 TCAC Project Analyst: Nick White

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
30% AMI: 60	100%

Unit Mix

60 1-Bedroom Units
2 2-Bedroom Units
<u>62 Total Units</u>

<u>Unit Type & Number</u>	<u>2021 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
60 1 Bedroom	30%	\$665
2 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$3,096,135
Construction Costs	\$33,680,590
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$1,662,359
Soft Cost Contingency	\$332,310
Relocation	\$0
Architectural/Engineering	\$1,342,785
Const. Interest, Perm. Financing	\$4,827,935
Legal Fees	\$729,166
Reserves	\$611,608
Other Costs	\$1,939,581
Developer Fee	\$3,500,000
Commercial Costs	\$0
Total	<u>\$51,722,469</u>

Residential

Construction Cost Per Square Foot:	\$816
Per Unit Cost:	\$834,233
True Cash Per Unit Cost*:	\$813,266

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
US Bank	\$26,094,717	CCRC	\$5,195,300
LACDA	\$9,000,000	HCD AHSC	\$1,000,000
HCIDLA HHHH	\$11,033,551	LACDA	\$9,000,000
Costs Deferred Until Conversion	\$2,159,984	HCIDLA HHHH	\$12,400,000
Deferred Developer Fee	\$1,300,000	Deferred Developer Fee	\$1,300,000
Tax Credit Equity	\$2,134,217	Tax Credit Equity	\$22,827,169
		TOTAL	\$51,722,469

*Less Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

Determination of Credit Amount(s)

Requested Eligible Basis:	\$49,133,480
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$63,873,524
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$2,554,941
Approved Developer Fee (in Project Cost & Eligible Basis):	\$3,500,000
Investor/Consultant:	California Housing Partnership
Federal Tax Credit Factor:	\$0.89345

Except as allowed for projects basing cost on assumed third party debt, the “as if vacant” land value and the existing improvement value established at application for all projects, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Significant Information / Additional Conditions:

The estimated cost of the project is \$813,266 per unit. The applicant noted the increased cost is attributed to the project having a Project Labor Agreement that often includes labor costs at or above standard Union labor rates, the density of the project, the project built as a mixed-use building requiring additional commercial building codes that increase the overall cost of work comparatively if the project were to conform to residential building code.

Resyndication and Resyndication Transfer Event: None.

Standard Conditions

If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit Allocation Committee's next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, shall issue bonds within time limits specified by CDLAC.

The applicant anticipates financing more than 50% of the project aggregate basis with tax-exempt bond proceeds as calculated by the project tax professional. Therefore, the federal credit reserved for this project will not count against the annual ceiling.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a reservation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

If the applicant has requested the use of a CUAC utility allowance, TCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from TCAC, this project is not eligible to use a utility allowance based on the CUAC.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

CDLAC Additional Conditions

The applicant/owner is required to comply with the CDLAC Resolution. At the time of the TCAC placed in service review, TCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.